

I. REMARKS

A. Status

Claims 1-20 are pending of which claims 1, 7, 10 and 16 are independent.

In the Office Action, claims 1-20 were rejected under 35 U.S.C. § 103(a) as being obvious over Kawakami (U.S. Patent No. 4,769,532, hereinafter “Kawakami”) in view of Zoladz (U.S. Patent No. 5,855,268, hereinafter “Zoladz”). Office Action at 2-8.

In this amendment, no claims have been amended. Applicant respectfully submits that the claims are in condition for allowance as is, for the following reasons.

B. Claims Are Not Obvious

Claims 1-20 were rejected under 35 U.S.C. § 103(a) as being obvious over Kawakami in view of Zoladz. Office Action at 2-8. The rejection is respectfully traversed for the following reasons.

Kawakami discloses a device for adjusting optical sensors to change the light emission level of a light emitting element when an output level of the light receiving element exceeds a threshold because an output level changes due to time and dust on a sensor. Kawakami at Abstract. Changing the light emission level in Kawakami is not performed according to a result of the determination in the determining means as recited by the present independent claims.

Kawakami does not disclose the following three points that are recited by the present independent claims: i) an unidentified sheet is handled in the determining means; ii) the control part changes a setting condition so that a capability to determine the sheet is higher than before; iii) transporting the sheet determined as unidentified again into the determining means of which capability has been higher. For example, claim 1 recites that the truth of the bill is determined by using the result of the A/D converter. Application at 26. Claim 1 also recites that, “...the

control part changes a setting of conditions....” *Id.* Finally, claim 1 recites that, “...the control part...transports the sheet determined as unidentified to the detection part....” *Id.* Hence, Kawakami does not disclose at least three distinct limitations of independent claim 1.

Independent claims 7, 10, and 16 all contain similar limitations. Application at 27-31. Therefore, Kawakami does not teach at least three distinct limitations of the remaining independent claims.

The secondary reference, Zoladz, discloses a variable gain amplifier with a continually adjustable gain and calibration of the bill validator. Zoladz at Abstract. If the bill is not genuine, the transport motor 18 is reversed and the bill is rejected. *Id.* at 3:43-45. The non-genuine bill is not transported into the validator parts (determining means) in which a setting condition so that a capability to determine the sheet is higher than before as the current invention as in independent claim 1. Thus, like Kawakami, Zoladz does not disclose the above three limitations.

Thus, neither Kawakami nor Zoladz teach the three above-mentioned characteristics and therefore the combination of the cited references cannot render the claims obvious.

Of course, a dependent claim cannot be obvious if the independent claim from which it depends is not obvious. As discussed above, Applicant respectfully submits that claims 1, 7, 10 and 16 are not obvious. Claims 2-6 depend from claim 1; claims 8-9 depend from claim 7; claims 11-15 depend from claim 10; and claims 17-20 depend from claim 16. Therefore, claims 2-6, 8-9, 11-15 and 17-20 are also not obvious.

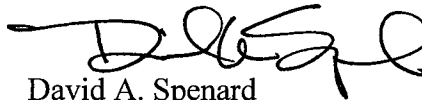
II. CONCLUSION

In conclusion, Applicant respectfully submits that the claims are now in condition for allowance.

To the extent necessary, a petition for an extension of time under 37 C.F.R. 1.136 is hereby made. Please charge any shortage in fees due in connection with the filing of this paper, including extension of time fees, to Deposit Account 500417 and please credit any excess fees to such deposit account.

Respectfully submitted,

McDERMOTT WILL & EMERY LLP

A handwritten signature in black ink, appearing to read 'DAS', with a stylized flourish at the end.

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